

Washington, D.C. - Congresswoman Melissa Bean joined Treasury Secretary Tim Geithner and Small Business Administrator Karen Mills at a Small Business Financing Forum today to discuss methods for improving small business access to credit.

“Many small businesses’ credit lines have been reduced or eliminated over the last year, leaving businesses struggling to access affordable capital to fund business growth,” Bean said. “Small businesses drive roughly 80 percent of job creation in the country, so I appreciate the Administration’s efforts to think outside the box to explore new ideas for increasing credit access as we strive towards economic recovery.”

Mills and Geithner chaired today’s forum, which included testimony and input from small businesses, community lenders, lawmakers, and advocacy organizations. Although access to credit has improved for small businesses since the economic collapse of last fall, barriers still exist for many credit-worthy businesses, and the all-day session focused on different areas of ongoing concern. Eighth District resident Susan McKnight, vice-president of a water treatment company, Quality Flow, attended and discussed her company’s challenges in accessing credit.

Bean has been a strong advocate for small business credit access issues. She recently joined colleagues to pass the Small Business Financing and Investment Act of 2009, which extends and expands successful changes to SBA (Small Business Administration) lending programs advocated by Bean and first included in the Recovery Act earlier this year.

The American Recovery and Reinvestment Act made vital changes to SBA loan programs, reducing fees for lenders and borrowers on the 7(a) and 504 loan programs and increasing government guarantees on 7(a) loans from 75 and 85 percent to as high as 90 percent. As a result, since February, the SBA has helped support \$13.4 billion in small business lending, and weekly loan approval volumes have increased by 79 percent. H.R. 3854 extends those changes through the end of FY 2011.

In June, the SBA began making \$35,000 ARC loans available to viable businesses to restructure their existing debt. ARC loans are interest-free to the borrower, 100 percent guaranteed by SBA, and have no SBA fees associated with them. The SBA has since approved over 4,500 ARC loans totaling \$130 million. Recent legislation would expand this program with an extension through the end of fiscal year 2011, a new single-page application requirement,

and an increase in the maximum size of ARC loans to \$50,000.

The secondary market for SBA loans has also improved. During a March visit to the White House, the New Democrat Coalition, in which Bean serves as Vice-Chair, personally urged President Obama to address the frozen secondary market for SBA loans, which provides a crucial source of liquidity to small business lenders. In September 2008, the secondary market for SBA loans bought an average of \$328 million of loans from lenders per month. That dropped to below \$100 million a month by January, making it difficult for banks and other lenders to offer credit to small businesses. After the New Dems' visit, the Administration pledged \$15 billion in Treasury funds to reenergize that market for SBA loans, which helped boost lender confidence. From May through October, the secondary market rebounded to an average monthly loan volume of \$344 million, which has helped support increased lending to small businesses.

The forum also discussed other steps the Administration has taken to strengthen small business, including:

- **Extension of small business expensing tax credits:** The Recovery Act included a measure, championed by Bean, which allows small businesses to write off their taxes up to \$250,000 in qualified investment in growth. This is estimated to cut small business taxes by more than \$1 billion in 2009 and 2010.
- **NOL carryback:** The Recovery Act, again at Bean's request, also included an extension of the net operating loss carryback provision from two years to five years, which allows businesses with a net-operating loss this year to amend their tax filings to carry that loss back five years to offset taxable income in such years. This is estimated to provide \$4.7 billion in immediate tax relief to small businesses in 2009. This provision was extended in recent legislation to 2009 taxes, filed next year.
- **Exclusion of Small Business capital gains:** The Recovery Act encourages investment in small businesses by excluding from taxation 75 percent of the capital gains for investors in small business that hold their investments for five years.
- **Recovery Act contracts for small businesses:** As of November 9, 26.7 percent of federal agency Recovery Act contracting dollars have gone to small businesses.